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REDCO PROPERTIES GROUP LIMITED

力高地產集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1622)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

2013 FINANCIAL HIGHLIGHTS

- Revenue for the year increased by 92.4% to RMB2,984.6 million
- Contracted sales for the year amounted to RMB3,107.7 million, representing a year-on-year increase of 29.1% as compared with 2012
- Profit for the year attributable to equity holders of the Company increased by 508.4% to RMB400.2 million
- Return on average attributable equity at 45.0% as at 31 December 2013;
- Cash and cash equivalents as at 31 December 2013 amounted to RMB827.8 million, net debt-to-equity ratio was 42.9% as at 31 December 2013; average cost of borrowings at 7.1% was for the year ended 31 December 2013
- Total land bank amounted to approximately 4.0 million sqm as at 31 December 2013
- Proposed final dividend amounted to RMB5 cents per share (total approximately RMB80.0 million).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Redco Properties Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2013 with comparative figures for the preceding financial year, are as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	<i>Note</i>	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Revenue	3	2,984,586	1,550,942
Cost of sales	4	<u>(2,018,459)</u>	<u>(1,092,778)</u>
Gross profit		966,127	458,164
Other gains/(losses), net		20,679	(909)
Selling and marketing expenses	4	(53,655)	(53,625)
General and administrative expenses	4	(81,750)	(68,786)
Impairment of goodwill		<u>(25,579)</u>	<u>(12,231)</u>
Operating profit		825,822	322,613
Finance income	5	8,038	3,296
Finance costs	5	<u>(3,215)</u>	<u>(4,218)</u>
Finance income/(costs), net		<u>4,823</u>	<u>(922)</u>
Share of loss of a joint venture		<u>(1,310)</u>	<u>(5,330)</u>
Profit before income tax		829,335	316,361
Income tax expense	6	<u>(428,445)</u>	<u>(151,404)</u>
Profit for the year		<u>400,890</u>	<u>164,957</u>
Attributable to:			
Equity holders of the Company		400,179	65,771
Non-controlling interests		<u>711</u>	<u>99,186</u>
		<u>400,890</u>	<u>164,957</u>
Earnings per share for profit attributable to equity holders of the Company			
- Basic and diluted	9	<u>0.3</u>	<u>0.1</u>
Dividends	10	<u>230,000</u>	<u>—</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	<u>400,890</u>	<u>164,957</u>
Other comprehensive income/(loss)		
Item that will not be reclassified subsequently to profit or loss		
- Exchange differences arising on translation of functional currency to presentation currency	<u>21,448</u>	<u>(1,629)</u>
Total other comprehensive income/(loss)	<u>21,448</u>	<u>(1,629)</u>
Total comprehensive income for the year	<u><u>422,338</u></u>	<u><u>163,328</u></u>
Attributable to:		
- Equity holders of the Company	421,627	64,063
- Non-controlling interests	<u>711</u>	<u>99,265</u>
Total comprehensive income for the year	<u><u>422,338</u></u>	<u><u>163,328</u></u>

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013**

	<i>Note</i>	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property plant and equipment		11,810	12,768
Goodwill		95,491	121,070
Interest in a joint venture		151,161	175,158
Deferred income tax assets		<u>27,008</u>	<u>29,884</u>
		285,470	338,880
Current assets			
Completed properties held for sale		566,533	301,671
Properties under development for sale		3,938,777	3,386,810
Other receivables, deposits and prepayments	7	1,864,055	552,515
Income tax recoverables		77,372	97,085
Amounts due from shareholders and directors	11(c)	132,464	—
Amounts due from related parties		—	90,065
Amounts due from non-controlling interests		176,815	267,812
Restricted cash		132,296	202,850
Cash and cash equivalents		<u>827,804</u>	<u>703,697</u>
		7,716,116	5,602,505
Total assets		<u><u>8,001,586</u></u>	<u><u>5,941,385</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		—	—
Reserves		<u>888,945</u>	<u>546,258</u>
		888,945	546,258
Non-controlling interests		<u>262,560</u>	<u>287,670</u>
Total equity		<u>1,151,505</u>	<u>833,928</u>

	2013	2012
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES		
Non-current liabilities		
Bank borrowings, secured	980,000	846,000
Deferred income tax liabilities	<u>79,797</u>	<u>61,989</u>
	<u>1,059,797</u>	<u>907,989</u>
Current liabilities		
Trade and other payables	8 1,662,672	676,677
Bank borrowings, secured	473,568	478,558
Amounts due to shareholders and directors	—	161,416
Amounts due to non-controlling interests	741,614	46,710
Amounts due to related parties	5,887	1,094
Receipts in advance	2,660,713	2,718,379
Income tax liabilities	<u>245,830</u>	<u>116,634</u>
	<u>5,790,284</u>	<u>4,199,468</u>
Total liabilities	<u>6,850,081</u>	<u>5,107,457</u>
Total equity and liabilities	<u>8,001,586</u>	<u>5,941,385</u>
Net current assets	<u>1,925,832</u>	<u>1,403,037</u>
Total assets less current liabilities	<u>2,211,302</u>	<u>1,741,917</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information of the Group and group reorganisation

1.1 General information of the Group

Redco Properties Group Limited (the “Company”) was incorporated in the Cayman Islands on 14 July 2008 as an exempted company with limited liability under the Cayman Companies Law. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as the “Group”) are principally engaged in property development business (the “Listing Business”) in the People’s Republic of China (the “PRC”). Prior to the completion of the reorganisation as described in Note 1.2 below (“Reorganisation”), the Listing Business was principally operated through Redco Holdings (Hong Kong) Co., Limited (“Redco HK”) and its subsidiaries. Redco HK is ultimately controlled by Mr. Wong Yeuk Hung (the “Mr. Wong” or “Controlling Shareholder”).

The consolidated financial statements are presented in unit of Renminbi (“RMB”), unless otherwise stated.

1.2 Group reorganisation

In preparing for the listing of the Company’s shares (“Shares”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing”), the Company underwent a series of transactions to acquire all the equity interests of Redco HK and its subsidiaries (the major operating subsidiaries) through Redco Properties Holdings Limited (“Redco Properties”) from the then shareholders of Redco HK and its subsidiaries. Prior to the Reorganisation, Mr. Wong and his spouse, Ms Sze Kai Fei collectively held 100% equity interests of Redco HK whilst Mr. Huang Ruoqing (“Mr. Huang”), brother of Mr. Wong and Ms. Fan Huili, spouse of Mr. Huang held equity interests of certain subsidiaries of Redco HK. Key procedures of the Reorganisation are as follows:

- On 14 July 2008, the Company was incorporated in the Cayman Islands. Upon incorporation, one nil-paid Share of the Company was transferred to Global Universe International Holdings Limited (“Global Universe”), a company controlled and wholly owned by Mr. Wong. On the same day, 59 nil-paid Shares and 40 nil-paid Shares were allotted and issued to Global Universe and Times International Development Company Limited (“Times International”), a company controlled and wholly owned by Mr. Huang, respectively.
- On 23 June 2008, Redco Properties was incorporated in the British Virgin Islands (“BVI”). One share of Redco Properties was issued and allotted to the Company on 23 July 2008 subsequent to its incorporation.

- On 29 October 2012, Redco Properties acquired the entire issued share capital of Redco HK from Mr. Wong and his spouse at a consideration of HK\$400 million. The consideration was satisfied by the allotment and issue of one share of Redco Properties to the Company and resulted in an amount of HK\$400 million due from the Company to Mr. Wong and his spouse.
- At the direction of Mr. Wong and his spouse, such HK\$400 million due from the Company to them was capitalised by (i) paying up 60 nil-paid Shares held by Global Universe and 40 nil-paid Shares held by Times International, at par on 29 October 2012; and (ii) issuing and allotting 60 Shares and 40 Shares to Global Universe and Times International, respectively, on 29 July 2013.

1.3 *Basis of presentation*

Immediately prior to and after the Reorganisation, the Listing Business is held by Mr Wong. The Listing Business is mainly conducted through Redco HK and its subsidiaries, which are controlled by Mr Wong. Pursuant to the Reorganisation, the Listing Business was transferred to the Company. The Company is an investment holding company. The Company has not been involved in any other activities prior to the Reorganisation that meet the definition of business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owner of the Listing Business remain the same throughout all the years presented. Accordingly, the consolidated financial statements of the Group is presented using the carrying values of the Listing Business under Redco HK for all the years presented.

On 14 January 2014, 1,199,999,800 shares were issued by way of capitalisation of share premium from the allotment of 400,000,000 shares under the Capitalisation Issue (see note 11(a)).

On 30 January 2014, the shares of the Company became listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), where 400,000,000 new shares of HK\$2.60 each were issued by the Company and placed by the underwriter on behalf of the Company for cash (the “Placing”).

2 **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied during all the years presented, unless otherwise stated.

2.1 *Basis of preparation*

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the HKICPA and under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

2.1.1. *New and amended standards and interpretations adopted by the Group*

The following new and amended standards and interpretations have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2013 and none of them have a material impact on the Group:

Amendment to HKAS 1	Financial statements presentation regarding other comprehensive income
Amendment to HKAS 19	Employee benefits
HKAS 27 (revised 2011)	Separate financial statements
HKAS 28 (revised 2011)	Associates and joint ventures
Amendment to HKFRS 1	First time adoption on government loans
Amendment to HKFRS 7	Financial instruments: Disclosures on asset and liability offsetting
Amendment to HKFRSs 10, 11 and 12	Transition guidance
HKFRS 3	Fair value measurement
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
Annual improvement projects	Annual improvements 2009-2011 Cycles
HK(IFRIC) - Int 20	Stripping costs in the production phase of a surface mine

2.1.2. *New and amended standards and interpretations not yet adopted by the Group*

Up to the date of issue of this report, the HKICPA has issued the following new and amended standards and interpretations and which are relevant to the Group's operations but are not yet effective for the annual accounting period beginning on 1 January 2013 and which have not been early adopted by the Group.

Amendments to HKFRS 10, 12 and HKAS 27	Consolidation for investment entities ⁽¹⁾
Amendment to HKAS 32	Financial instruments: Presentation on asset and liability offsetting ⁽¹⁾
Amendment to HKAS 36	Recoverable Amount Disclosure for Non-Financial Assets ⁽¹⁾
Amendment to HKAS 39	Financial Instruments: Recognition and Measurement' - Novation of derivatives ⁽¹⁾
HK(IFRIC) - Int 21	Levies ⁽¹⁾
HKFRS 9	Financial Instruments ⁽³⁾
Annual improvements Projects	Annual improvements 2011-2013 Cycles ⁽²⁾

⁽¹⁾ Effective for the Group for annual period beginning on 1 January 2014.

⁽²⁾ Effective for the Group for annual period beginning on 1 July 2014.

⁽³⁾ Effective date is still undetermined.

The Group has commenced an assessment of the impact of the above new and amended standards and interpretations and considers that they will not have any significant impact on the results of the Group's operations and financial position. The Group plans to adopt the above new and amended standards and interpretations when they become effective.

3 Revenue and segment information

The Executive Directors have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors consider the business from a geographical perspective and assesses the performance of property development in four reportable operating segments, namely Greater Western Taiwan Straits Economic Zone, Central and Western regions, Bohai Economic Rim. "Others" segment represents corporate support functions.

The Executive Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of depreciation, share of loss of a joint venture, finance income, finance costs and income tax (expenses)/credit from the operating segments. Other information provided, except as noted below, to the Executive Directors is measured in a manner consistent with that in the consolidated financial statements.

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bohai Economic Rim RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2013					
Total revenue	1,744,141	215,255	1,025,190	7,821	2,992,407
Inter-segment revenue	—	—	—	(7,821)	(7,821)
Revenue (from external customers)	<u>1,744,141</u>	<u>215,255</u>	<u>1,025,190</u>	<u>—</u>	<u>2,984,586</u>
Segment results	641,499	428	218,188	(30,006)	830,109
Depreciation	(1,598)	(562)	(836)	(1,291)	(4,287)
Operating profits/(losses)	639,901	(134)	217,352	(31,297)	825,822
Share of loss of a joint venture	(1,310)	—	—	—	(1,310)
Finance income	3,211	639	1,686	2,502	8,038
Finance costs	—	—	—	(3,215)	(3,215)
Income tax expenses	(262,196)	(25,978)	(99,171)	(41,100)	(428,445)
Profits/(losses) for the year	<u>379,606</u>	<u>(25,473)</u>	<u>119,867</u>	<u>(73,110)</u>	<u>400,890</u>
Year ended 31 December 2012					
Total revenue	765,749	785,193	—	2,800	1,553,742
Inter-segment revenue	—	—	—	(2,800)	(2,800)
Revenue (from external customers)	<u>765,749</u>	<u>785,193</u>	<u>—</u>	<u>—</u>	<u>1,550,942</u>
Segment results	239,371	134,151	(36,181)	(10,452)	326,889
Depreciation	(1,987)	(589)	(900)	(800)	(4,276)
Operating profits/(losses)	237,384	133,562	(37,081)	(11,252)	322,613
Share of loss of a joint venture	(5,330)	—	—	—	(5,330)
Finance income	1,983	707	554	52	3,296
Finance costs	(376)	—	—	(3,842)	(4,218)
Income tax (expenses)/credit	(107,333)	(57,094)	13,596	(573)	(151,404)
Profits/(losses) for the year	<u>126,328</u>	<u>77,175</u>	<u>(22,931)</u>	<u>(15,615)</u>	<u>164,957</u>

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bobai Economic Rim RMB'000	Others RMB'000	Total RMB'000
At 31 December 2013					
Total segment assets	4,271,789	1,209,503	2,464,456	52,853	7,998,601
Other unallocated corporate assets					<u>2,985</u>
Total assets					<u>8,001,586</u>
Additions to:					
Property, plant and equipment	1,605	412	3,669	532	6,218
Acquisition of property under development	<u>263,770</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>263,770</u>
Total segment liabilities	<u>(3,497,992)</u>	<u>(938,844)</u>	<u>(2,079,908)</u>	<u>(333,337)</u>	<u>(6,850,081)</u>
At 31 December 2012					
Total segment assets	2,553,293	1,031,288	2,233,920	118,687	5,937,188
Other unallocated corporate assets					<u>4,197</u>
Total assets					<u>5,941,385</u>
Additions to:					
Property, plant and equipment	<u>867</u>	<u>435</u>	<u>593</u>	<u>3,571</u>	<u>5,466</u>
Total segment liabilities	<u>(2,653,072)</u>	<u>(476,147)</u>	<u>(1,502,091)</u>	<u>(476,147)</u>	<u>(5,107,457)</u>

4 Expenses by nature

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Auditor's remuneration	1,719	490
Cost of properties sold	1,851,389	1,005,762
Depreciation of property, plant and equipment	4,287	4,276
Employee benefit expenses	31,904	26,479
Entertainment	8,085	8,285
Marketing and advertising cost	42,344	42,817
Office and travelling expenses	19,244	18,841
Business taxes and surcharges	167,070	87,016
Land use and real estate taxes	4,921	7,206
Legal and professional fees	9,517	1,633
Donation	2,070	2,105
Other selling and marketing and general and administrative expenses	<u>11,314</u>	<u>10,279</u>
Total cost of sales, selling and marketing expenses and general and administrative expenses	<u><u>2,153,864</u></u>	<u><u>1,215,189</u></u>

5 Finance income and costs

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income from bank deposits	<u>8,038</u>	<u>3,296</u>
Interest expense on borrowings wholly repayable within five years	88,047	89,015
Interest expense on borrowings wholly repayable after five years	94	117
Less: interest capitalised in qualifying assets	<u>(84,926)</u>	<u>(84,914)</u>
	<u><u>3,215</u></u>	<u><u>4,218</u></u>
Weighted average interest rate on capitalised borrowings (per annum)	<u><u>7.05%</u></u>	<u><u>6.83%</u></u>

6 Income tax expense

Subsidiaries established and operating in the PRC are subject to PRC corporate income tax (“EIT”) at the rate of 25% for the year ended 31 December 2013 (2012: 25%).

No provision has been made for Hong Kong profits tax as the companies in Hong Kong did not generate any assessable profits for the year ended 31 December 2013 (2012: Nil). As at 31 December 2013, there was no significant unprovided deferred taxation in relation to these Hong Kong companies (2012: Nil).

PRC land appreciation tax (“LAT”) is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
PRC corporate income tax	229,561	101,488
PRC land appreciation tax	178,200	57,785
Deferred income tax	<u>20,684</u>	<u>(7,869)</u>
	<u><u>428,445</u></u>	<u><u>151,404</u></u>

The tax on the Group’s profit before tax differs from the theoretical amount that would arise by applying the statutory tax rate in the PRC to profits of the group companies as follows:

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before income tax	<u>829,335</u>	<u>316,361</u>
Calculated at PRC corporate income tax rate of 25%	207,335	79,091
Expenses not deductible for tax purpose	49,972	11,616
Income not subject to taxation	(12,859)	(15,221)
Unrecognised tax losses	6,329	9,669
Provision for land appreciation tax	178,200	57,785
Tax effect on land appreciation tax	(44,550)	(14,446)
Tax effect of withholding tax at 10% on the distributable profits of the Group’s PRC subsidiaries	43,637	22,053
Others	<u>381</u>	<u>857</u>
Income tax expense	<u><u>428,445</u></u>	<u><u>151,404</u></u>

7 **Other receivables, deposits and prepayments**

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets		
Other receivables	89,086	97,625
Deposits with local real estate associations (a)	106,800	130,793
Deposits with labour department	351	4,916
Deposits with treasury bureau	<u>2,678</u>	<u>4,049</u>
	198,915	237,383
Prepaid business tax and surcharges	219,391	167,324
Prepayment for construction costs	23,000	67,808
Prepayment for land use rights	<u>1,422,749</u>	<u>80,000</u>
	<u><u>1,864,055</u></u>	<u><u>552,515</u></u>

- (a) The deposits with local real estate associations, included deposits with Jinan Real Estate Association (濟南市房地產業協會) in connection with the issue of pre-sale permit as required by the relevant regulations in respect of the Group's property development projects in Jinan.
- (b) The fair values of other receivables, deposits and prepayments approximate their carrying amounts and are unsecured, interest-free and repayable on demand.
- (c) The carrying amounts of the Group's other receivables, deposits and prepayments are denominated in the following currencies:

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	1,858,049	550,864
Hong Kong dollars ("HK\$")	<u>6,006</u>	<u>1,651</u>
	<u><u>1,864,055</u></u>	<u><u>552,515</u></u>

8 **Trade and other payables**

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	1,015,182	563,871
Accruals and other payables	<u>647,490</u>	<u>112,806</u>
	<u><u>1,662,672</u></u>	<u><u>676,677</u></u>

The ageing analysis of the trade payables based on invoice date was as follows:

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
0-30 days	926,681	550,676
31-60 days	11,016	3,398
61-90 days	8,428	2,728
Over 90 days	<u>69,057</u>	<u>7,069</u>
	<u><u>1,015,182</u></u>	<u><u>563,871</u></u>

The carrying amounts of the trade and other payables approximate their fair values due to their short maturity and are denominated in the following currencies:

The Group

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	1,558,668	655,999
HK\$	<u>104,004</u>	<u>20,678</u>
	<u><u>1,662,672</u></u>	<u><u>676,677</u></u>

9 Earnings per share

The basic earnings per share for the year ended 31 December 2013 is calculated based on the profit attributable to the equity holders of the Company.

	2013	2012
Profit attributable to equity holders of the Company (RMB'000)	<u>400,179</u>	<u>65,771</u>
Weighted average number of shares in issue	<u>1,200,000,000</u>	<u>1,200,000,000</u>
Basic earnings per share (RMB)	<u>0.3</u>	<u>0.1</u>

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding to all the years presented.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been adjusted for the effect of the Reorganisation as set out in Note 1.2 and the Capitalisation Issue of 1,199,999,800 shares on 14 January 2014 as set out in Note 11(a).

10 Dividend

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Interim dividend — RMB750,000 (2012: Nil) per share	150,000	—
Proposed final dividend — RMB5 cents (2012: Nil) per share	<u>80,000</u>	<u>—</u>
	<u>230,000</u>	<u>—</u>

The interim dividend was declared on 14 January 2014 and paid on 15 January 2014.

A proposed final dividend in respect of the year ended 31 December 2013 of RMB5 cents per share, amounting to approximately RMB80.0 million, is to be proposed at the forthcoming annual general meeting on 20 June 2014.

The financial statements do not reflect these dividend payables.

11 Subsequent events

(a) *Capitalisation Issue*

On 14 January 2014, pursuant to the resolution of the then shareholders of the Company, it was approved for the Company to issue 1,199,999,800 ordinary shares of HK\$0.1 each to such shareholders by way of capitalisation of HK\$119,999,980 (equivalent to RMB94,321,184) from the share premium account upon listing of the Company's shares on the Hong Kong Stock Exchange (the "Capitalisation Issue"). Such shares were issued on 30 January 2014, being the date on which dealings in the shares of the Company first commence on the Stock Exchange (the "Listing Date").

(b) *Initial Global Offering*

On 30 January 2014 (the Listing Date), the Company issued a total of 400,000,000 ordinary shares of HK\$0.1 each at a price of HK\$2.6 per share as a result of the completion of the Initial Global Offering. Of the total gross proceeds, HK\$1,000,000,000 (equivalent to RMB786,010,000) representing the par value was credited to the Company's share capital account and HK\$960,000,000 (equivalent to RMB754,569,600) was credited to its share premium account. Number of total issued shares of the Company was increased to 1,600,000,000 shares upon completion of the Initial Global Offering and the Capitalisation Issue.

(c) *Settlement of amounts due from shareholders and directors*

Prior to the Listing Date, the shareholders and directors settled all its current accounts with the Group by way of settlement of the Group's certain other payable balances directly to the respective creditors on behalf of the Group.

(d) *Acquisition of the land use right for the land located in Jiangxi*

On 5 March 2014, the Group received a written notice from Jiangxi Land Resources Bureau confirming that the bid made by the Group of approximately RMB340,100,000 for the land use right for the land located in Jiangxi, the PRC, through a transfer by public listing process was successful.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is an integrated residential and commercial property developer primarily focusing on residential property development in the PRC. We have successfully established our presence in a number of key economic cities in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions including Nanchang, Tianjin, Jinan, Yantai, Hefei and Xianyang. For 2012 and 2013, our revenue was RMB1,550.9 million and RMB2,984.6 million respectively. And our profit for the year ended 31 December 2012 and 2013, attributable to equity holders of the Company was RMB65.8 million and RMB400.2 million, respectively.

We believe that we have successfully established the “Redco” brand in the cities where we have built our presence. For four consecutive years since 2010, we have been recognised as one of the “China’s Top 100 Real Estate Developers” (中國房地產百強企業) by the Development Research Center of the State Council (國務院發展研究中心企業研究所), the Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院). In 2013, we were recognised as one of the “2013 Top 10 Brands of South China Real Estate Companies” (2013 中國華南房地產公司品牌價值 Top 10) by the Development Research Center of the State Council, the Real Estate Research Institute of Tsinghua University and the China Index Academy. We believe that the strong execution capabilities of our management team have been instrumental in executing our business strategies and achieving our current market position.

We have established diversified land acquisition strategies that complement each other, including acquisitions from third parties and listings-for-sale. We have also adopted other land acquisition strategies which include: (i) incorporating cultural concepts to develop properties that meet the needs of the local communities; (ii) early involvement in areas encouraged by the local governments; and (iii) leveraging on our past experience in developing quality property projects to acquire further land in the same geographical area. We have engaged in property development projects whereby either we or the original land use rights owner(s) are responsible for resettlement operations including compensation and resettlement of affected residents, demolition of existing structures and clearing of land of the relevant areas.

OUR PROPERTY DEVELOPMENT PROJECTS

As at 31 December 2013, our property portfolio comprised 15 property development projects with an aggregate gross floor area (“GFA”) of 3,959,483.6 square metres (“sq.m.”) under various stages of development in various cities in the PRC. The following table sets forth a summary of our property development projects as at 31 December 2013:

Project	Site area ⁽¹⁾ (sq.m.)	GFA ⁽²⁾ completed (sq.m.)	COMPLETED		UNDER DEVELOPMENT			FUTURE DEVELOPMENT	
			Saleable GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	GFA under development ⁽²⁾ (sq.m.)	Saleable GFA (sq.m.)	Saleable GFA pre-sold (sq.m.)	Planned GFA ⁽²⁾ (sq.m.)	GFA without land use rights certificates ⁽³⁾ (sq.m.)
NANCHANG									
Crown International 皇冠國際	53,673.2	271,040.4	205,740.8	16,606.4	—	—	—	—	—
Crowne Plaza Nanchang Riverside Hotel 力高皇冠假日酒店	4,636.7	57,986.8	57,986.8	57,986.8	—	—	—	—	—
Spain Standard 力高國際城	466,665.3	603,671.8	597,383.9	74,476.9	305,265.8	298,241.0	141,891.4	—	—
Riverside International 濱江國際	37,345.7	118,917.4	114,863.5	34,017.4	85,683.2	76,357.2	56,483.6	—	—
Bluelake County 瀾湖郡	135,285.0	—	—	—	—	—	—	286,794.7	—
Riverlake International 濱湖國際	68,373.0	—	—	—	—	—	—	205,846.3	205,846.3
TIANJIN									
Sunshine Coast 陽光海岸	481,394.0	—	—	—	184,949.2	181,531.4	—	1,290,276.8	—
Land Lot Nos. A1 and A2	69,336.2	—	—	—	—	—	—	55,469.0	55,469.0
JINAN									
Redco International 力高國際	54,162.0	—	—	—	226,076.9	214,966.2	106,310.8	—	—
Splendid the Legend 盛世名門	51,675.2	205,813.6	148,642.4	14,312.9	—	—	—	—	—
Scenery Holiday 假日麗景	34,934.9	87,545.2	85,995.5	2,157.9	—	—	—	—	—
YANTAI									
Sunshine Coast - Phase I 陽光海岸	51,693.7	—	—	—	—	—	—	186,470.8	—
HEFEI									
Mix Kingdom Redco 力高●共和城	395,596.4	401,885.3	368,581.2	48,589.8	205,890.3	200,429.7	143,318.6	263,959.7	—
XIANYANG									
Royal City - Phsae I 御景灣	69,466.8	—	—	—	125,308.5	121,784.1	21,393.1	111,504.3	—
SHENZHEN									
Royal International 君御國際	33,035.3	—	—	—	—	—	—	177,640.0	177,640.0
TOTAL				<u>248,148.1</u>	<u>1,133,373.9</u>			<u>2,577,961.6</u>	

1. Information for “Site area” is based on relevant land use rights certificates, land grant contracts, tender documents, or other relevant agreements (as the case may be).
2. “GFA completed” of completed projects is based on surveying reports. “GFA under development” of projects under development is based on construction works commencement permits and/or construction works planning permits. “Planned GFA” of projects for future development is based on the relevant land grant contract and/or public tender, listing-for-sale or auction confirmation letter.
3. We have entered into land grant contracts but not yet obtained land use rights certificates in respect of these parcels of land.

Recent Development

In March 2014, we entered into a land grant contract relating to the new project in Nanchang at a consideration of RMB340.1 million.

The project occupy a site area of 41,994.5 sq.m. and expected to consist of high-rise apartments, commercial units and car parks.

Based on our estimates of current project plans, details of the project as at announcement date were as follows:

Construction period

— Estimated date of commencement	Second quarter of 2014
— Estimated date of completion	Fourth quarter of 2016
Total planned GFA (sq.m.)	92,386
Attributable interest to our Group	100%

FINANCIAL REVIEW

Results of Operations

Revenue

Our revenue increased by 92.4% to RMB2,984.6 million for the year ended 31 December 2013 from RMB1,550.9 million for the year ended 31 December 2012. This increase was primarily due to a 85.5% increase in our GFA delivered to 483,441 sq.m. for the year ended 31 December 2013 from 260,660 sq.m. for the year ended 31 December 2012. The increase in our GFA delivered was primarily due to the GFA delivered for Riverside International and Spain Standard in Nanchang and Splendid the Legend in Jinan. Riverside International and Splendid the Legend began to recognise revenue from sales in 2013, partially offset by a significant decrease in the GFA delivered for Crown International in Nanchang. Our recognised average selling price (“ASP”) for properties delivered increased slightly to RMB6,171 for the year ended 31 December 2013 from RMB5,950 for the year ended 31 December 2012. The slight increase in our recognised ASP for properties delivered was primarily due to the increase in the revenue attributable to Riverside International, offset by a significant decrease in revenue attributable to Crown International in Nanchang.

The following table sets out a breakdown of the Group’s revenue, GFA delivered and recognised ASP by geographical segments:

	For the year ended 31 December					
	2013	2012	2013	2012	2013	2012
	<i>Revenue</i>		<i>GFA Delivered</i>		<i>Recognised ASP</i>	
	<i>(RMB'000)</i>		<i>(sq.m.)</i>		<i>(RMB per sq.m.)</i>	
Greater Western Taiwan Straits Economic Zone	1,744,141	765,749	288,008	94,444	6,056	8,108
Central and Western Regions	215,255	785,193	36,759	166,216	5,875	4,724
Bohai Economic Rim	1,025,190	—	158,674	—	6,461	—
Others	—	—	—	—	—	—
Subtotal	<u>2,984,586</u>	<u>1,550,942</u>	<u>483,441</u>	<u>260,660</u>	<u>6,171</u>	<u>5,950</u>

A summary of our segment results is set forth below:

- **Greater Western Taiwan Straits Economic Zone:** Our segment revenue for the Greater Western Taiwan Straits Economic Zone increased by 127.8% to RMB1,744.1 million for 2013 from RMB765.7 million for 2012. The increase was primarily attributable to (i) the GFA delivered for Riverside International in Nanchang, a property development project for which we began to recognise revenue from sales in 2013; and (ii) an increase in GFA delivered for Spain Standard in Nanchang, partially offset by a significant decrease in the GFA delivered for Crown International in Nanchang.
- **Central and Western Regions:** Our segment revenue for the Central and Western Regions decreased by 72.6% to RMB215.3 million for 2013 from RMB785.2 million for 2012. The decrease was primarily due to a decrease in the GFA delivered for Mix Kingdom Redco in Hefei.
- **Bohai Economic Rim:** Our segment revenue for the Bohai Economic Rim amounted to RMB1,025.2 million for 2013 compared with nil for 2012. The increase was attributable to the GFA delivered for Splendid the Legend in Jinan, a property development project for which we began to recognise revenue from sales in 2013.
- **Others:** It mainly represents our headquarters at Shenzhen. There is no revenue for the years ended 31 December 2013 and 2012.

Cost of sales

Cost of sales increased by 84.7% to RMB2,018.5 million for 2013 from RMB1,092.8 million for 2012. This increase was primarily due to an increase in cost of properties sold as a result of (i) a significant increase in GFA delivered to 483,441 sq.m. for 2013 from 260,660 sq.m. for 2012 and (ii) an increase in average land acquisition costs per sq.m. delivered to RMB740 for 2013 from RMB529 for 2012, partially offset by a decrease in average construction costs per sq.m. delivered to RMB2,915 for 2013 from RMB3,204 for 2012. The increase in average land acquisition costs per sq.m. delivered was primarily due to the relatively high land acquisition costs per sq.m. for Riverside International in Nanchang, which will be positioned as a high-end properties. The decrease in average construction costs per sq.m. delivered was primarily due to a significant decrease in revenue attributable to Crown International in Nanchang as a percentage of our revenue for 2013 as compared with 2012. Crown International is a project that we have marketed as high-end properties situated in Nanchang, for which we incurred relatively high average construction costs.

Gross profit

Gross profit increased by 110.8% to RMB966.1 million for 2013 from RMB458.2 million for 2012. Our gross profit margin increased to 32.4% for 2013 from 29.5% for 2012. This increase was primarily attributable to the relatively high gross profit margin for Riverside International in Nanchang for 2013.

Other gains/(losses), net

Other gains/(losses), net increased to RMB20.7 million for 2013 from a loss of RMB0.9 million for 2012. The increase was primarily attributable to the gains of RMB20.5 million mainly arising from the disposal of certain subsidiaries of the Group before the Listing.

Selling and marketing expenses

Selling and marketing expenses increased by 0.2% to RMB53.7 million for 2013 from RMB53.6 million for 2012. Selling and marketing expenses mainly represent the promotion of our properties.

General and administrative expenses

General and administrative expenses increased by 18.9% to RMB81.8 million for 2013 from RMB68.8 million for 2012. This increase was primarily due to an increase in legal and professional fee, employee benefit expenses, and office and travelling expenses, partially offset by a decrease in other general and administrative expenses.

Impairment of goodwill

Impairment of goodwill increased by 109.8% to RMB25.6 million for 2013 from RMB12.2 million for 2012. Such goodwill represents certain premium paid in connection with our acquisition of an 80.0% equity interest in Changfeng Lianhua Real Estate Co., Ltd., which holds Mix Kingdom Redco in Hefei.

Operating profit

As a result of the above, our operating profit increased by 156.0% to RMB825.8 million for 2013 from RMB322.6 million for 2012.

Finance income

Finance income increased by 142.4% to RMB8.0 million for 2013 from RMB3.3 million for 2012. This increase was primarily attributable to an increase in interest income from bank deposits due to an increase in bank deposits.

Finance costs

Finance costs decreased by 23.8% to RMB3.2 million for 2013 from RMB4.2 million for 2012 which mainly due to decrease in average monthly balance for the year.

Share of loss of a joint venture

Share of loss of a joint venture decreased by 75.5% to RMB1.3 million for 2013 from RMB5.3 million for 2012. The decrease was primarily due to the decrease in share of loss related to Redco Industry (Jiangxi) Co., Ltd., which holds the Crowne Plaza Nanchang Riverside Hotel in Nanchang, as a result of the improved performance of its hotel operations.

Profit before income tax

As a result of the above, profit before income tax increased by 162.1% to RMB829.3 million for 2013 from RMB316.4 million for 2012.

Income tax expense

Income tax expense increased by 183.0% to RMB428.4 million for 2013 from RMB151.4 million for 2012. The increase was primarily due to an increase in EIT as a result of increased revenue, an increase in LAT as a result of the higher gross profit margin and tax effect of withholding tax on the distributable profits on our Group's PRC subsidiaries. The increase in the effective tax rate to 51.7% for 2013 from 47.9% for 2012 was primarily attributable to the increase in LAT provision and LAT paid to RMB178.2 million for 2013 from RMB57.8 million for 2012, which was due to the relatively higher gross profit achieved for Spain Standard and Riverside International in Nanchang in 2013.

Profit for the year

As a result of the above, profit for the year increased by 143.0% to RMB400.9 million for 2013 from RMB165.0 million for 2012. The profit for the year mainly arising from the profit in Greater Western Taiwan Straits Economic Zone for RMB379.6 million and Bohai Economic Rim for RMB119.9 million and offset by the loss in Central and Western region for RMB25.4 million and Others segment for RMB73.1 million.

Profit for the year attributable to the equity holders of the Company

As a result of the above, profit for the year attributable to equity holders of the Company increased by 508.2% to RMB400.2 million for 2013 from RMB65.8 million for 2012. Profit attributable to non-controlling interests decreased by 99.3% to RMB0.7 million for 2013 from RMB99.2 million for 2012 as we achieved a significant portion of our profit for 2013 from the GFA delivered for Riverside International in Nanchang, in which we hold a 100.0% equity interest, whereas for 2012, we shared 50.0% and 20.0% of our profit from GFA delivered for Crown International in Nanchang and Mix Kingdom Redco in Hefei to non-controlling interests. Crown International in Nanchang and Mix Kingdom Redco in Hefei contributed more than 90.0% of our revenue for 2012.

Liquidity and Capital Resources

Cash Position

The Group had cash and cash equivalents of approximately RMB827.8 million (2012: RMB703.7 million) and restricted cash of RMB132.3 million (2012: RMB202.9 million) as at 31 December 2013. As at 31 December 2013, the Group's cash and cash equivalents were denominated in the Hong Kong dollar (“HK\$”), RMB and the United States dollar.

Bank borrowings

The Group had bank borrowings of approximately RMB1,453.6 million (2012: RMB1,324.6 million) as at 31 December 2013. The following table sets out the maturity profile of the Group's borrowings as at the dates indicated.

	As at 31 December	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts of borrowings that are repayable:		
- Within 1 year	375,944	328,818
- Between 1 and 2 years	730,664	405,704
- Between 2 and 5 years	342,713	584,975
- After 5 years	<u>4,247</u>	<u>5,061</u>
	<u>1,453,568</u>	<u>1,324,558</u>

As at 31 December 2013, the Group's bank borrowings were denominated in RMB and HK\$.

As at 31 December 2013, the Group is exposed to foreign exchange risk primarily with respect to certain of its bank borrowings which were denominated in HK\$. RMB experienced certain appreciation against HK\$ during the year 2013 which is the major reason for the exchange differences recognised by the Group. The Group does not have a formal hedging policy and have not entered into any foreign currency exchange contracts or derivative transactions to hedge the foreign exchange risk.

As at 31 December 2013, the Group's net gearing ratio was 30% (2012: 33%). The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and bank balance (including cash and cash equivalent and restricted cash). Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net debt.

Cost of Borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average bank borrowings during the relevant year) was 7.1% in 2013, versus 6.8% in 2012.

Contingent liabilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at the respective balance sheet years:

	31 December	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	<u>1,566,684</u>	<u>831,256</u>

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of six months to three years from the completion of the guarantee registration; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The Group's guarantees period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchases is minimal and their obligations are well covered by the value of the properties and therefore the fair value of financial guarantees is immaterial.

There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings as at 31 December 2013. The Directors consider that the subsidiaries are able to sufficiently financially resourced to settle their obligations.

Except for financial guarantees as disclosed above, the Group had no material contingent liabilities as at 31 December 2013.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2013, the Group had a total of approximately 452 employees (2012: 420 employees). The remuneration of the employees (including directors' emoluments) amounted to approximately RMB31.9 million. Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits. The Group's remuneration policy for its Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. Further, the Group adopted the share option scheme on 14 January 2014. Further information of such share option scheme will be available in the annual report.

Charge over assets

As at 31 December 2013, the Group had aggregate banking facilities of approximately RMB1,433,857,000 (2012: RMB2,331,900,000) for overdrafts, bank loans and trade financing. There were no unused facilities as at the same date (2012: RMB1,007,342,000).

These facilities were secured by:

- (i) joint and several guarantee provided by Wong Yeuk Hung and Huang Ruoqing, the honorary chairman and the executive Director of the Company and certain directors of the Group's subsidiaries;
- (ii) properties held by Wong Yeuk Hung, the honorary chairman of the Company; and
- (iii) certain properties under development held for sale provided by the Group's subsidiaries.

Material acquisitions and disposals of the subsidiaries and associated corporations

During the year ended 31 December 2013, the Group had completed the material acquisitions and disposals for the purpose of the reorganisation of the Group in preparation for the Listing. Please refer to the prospectus dated 21 January 2014 of the Company (the "**Prospectus**") for the further details. Save as the disclosed, the Group did not have any material acquisitions and disposals of its subsidiaries and associated companies during the year ended 31 December 2013.

Significant investments

During the year ended 31 December 2013, the Group had acquired two parcels of land in Nanchang and one parcel of land in Shenzhen. Please refer to the Prospectus for further details. Save as disclosed, the Group did not have any material investment during the year ended 31 December 2013.

Future plans for material investments or capital assets

The Company will continue to purchase land located at the strategically selected cities, if thought fit. It is expected that the internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed, the Company did not have any future plans for significant investments or capital assets as at the date of this announcement.

OUTLOOK

Within the next five years, we aim to become (i) one of the top 50 real estate developers in the PRC and (ii) one of the leading real estate developers in most of our strategically targeted key economic cities. We believe that we can achieve the aforesaid objectives by executing the following strategies:

- Further expand our business operations in the key economic cities in the Greater Western Taiwan Straits Economic Zone, the Bohai Economic Rim and the Central and Western Regions as well as other regions in China such as those first tier and second tier cities in the Yangtze River Delta Region and the Pearl River Delta Region.
- We intend to continue to follow our diversified land acquisition strategies. We intend to continue prioritising our financial resources towards what we believe to be the most profitable opportunities by selectively targeting land that we believe has high growth potential and acquiring such land at competitive costs. As part of our expansion, we may also make strategic investment and acquisitions that complement our operations.
- Continue to focus primarily on residential property development while achieving an optimal and diversified portfolio by developing a higher proportion of commercial property development projects. We believe that diversifying our product mix will enhance our ability to expand and will enable us to effectively respond to any macro-economic policy affecting the PRC residential property sector.

- Further strengthen our “Redco” brand by providing quality products to our customers and continuing to engage in projects that entail the construction of landmark properties. We intend to:
 - solidify such reputation in the cities where we have established a presence as well as our other strategically targeted cities;
 - remain focused on creative architectural planning and innovative product designs to provide superior value to our customers;
 - expand our collaborations with reputable design firms;
 - engage in more projects that entail building landmark properties such as well-recognised hotels or office buildings at prime locations;
 - organise promotional events such as economic forums

We believe those work we do in the above will in turn enhance our reputation and recognition of our “Redco” brand.

- Continue to recruit, retain and motivate a talented workforce. We believe that our employees are our invaluable assets. In order to support our growth and expansion, we aim to attract and recruit employees with a wide range of expertise including real estate development, project planning, design, finance and marketing and sales.

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Company’s initial public offering (after deducting the underwriting fees and related expenses) amounted to approximately HK\$930.0 million, which are intended to be applied in the manner as disclosed in the Prospectus.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB5 cents per Share, approximately RMB80 million in aggregate, for the year ended 31 December 2013 to shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on 30 June 2014. The proposed dividend is subject to the approval of Shareholders at the forthcoming annual general meeting to be held on 20 June 2014 (the “2014 AGM”) and, if approved, will be payable on or before 15 July 2014. The proposed final dividend will be paid in Hong Kong dollars, such amount to be calculated by reference to the middle rate published by the People’s Bank of China for the conversion of Renminbi to Hong Kong dollars as at the date of 2014 AGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (i) From Wednesday, 18 June 2014 to Friday, 20 June 2014, both days inclusive, for the purpose of ascertaining shareholders' entitlements to attend and vote at the 2014 AGM. In order to be eligible to attend and vote at the 2014 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 June 2014; and
- (ii) From Thursday, 26 June 2014 to Monday, 30 June 2014, both days inclusive, for the purpose of ascertaining shareholders' entitlements to the proposed final dividend. In order to establish the entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 25 June 2014;

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") since the Listing Date and up to the date of this announcement.

THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

The shares of the Company were listed on the Stock Exchange with effect from 30 January 2014. As the Company was not a listed company during the year ended 31 December 2013, the CG Code was not applicable to it during that period. The CG Code is applicable to the Company with effect from 30 January 2014.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. On specific enquiries made, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the period from the Listing Date up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities for the year ended 31 December 2013.

AUDIT COMMITTEE

The Board has established an audit committee (the "Audit Committee") which comprises four independent non-executive Directors, namely, Mr. Chow Kwong Fai, Edward, JP, Dr. Wong Yau Kar, David BBS, JP, Mr. Chau On Ta Yuen and Mr. Yip Tai Him. Mr. Chow Kwong Fai, Edward, JP is the chairman of the Audit Committee. The Audit Committee has reviewed the annual results for the year ended 31 December 2013.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2013 ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.redco.cn). The 2013 Annual Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By Order of the Board
Redco Properties Group Limited
Huang Ruoqing
Executive Director

Hong Kong, 21 March 2014

As at the date of this announcement, the executive Directors are Mr. Huang Ruoqing, Mr. Tang Chengyong, Mr. Hong Duxuan; and the independent non-executive Directors are Dr. Wong Yau Kar, David BBS, JP, Mr. Chau On Ta Yuen, Mr. Yip Tai Him and Mr. Chow Kwong Fai, Edward, JP.